

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2235

To authorize the establishment of an Accredited Lenders Program for qualified State or local development companies under the Small Business Investment Act of 1958 and an Accredited Loan Packagers Pilot Program for loan packagers under the Small Business Act.

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## IN THE SENATE OF THE UNITED STATES

JUNE 23 (legislative day, JUNE 7), 1994

Mr. WELLSTONE introduced the following bill; which was read twice and referred to the Committee on Small Business

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## A BILL

To authorize the establishment of an Accredited Lenders Program for qualified State or local development companies under the Small Business Investment Act of 1958 and an Accredited Loan Packagers Pilot Program for loan packagers under the Small Business Act.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. ACCREDITED LENDERS PROGRAM.**

4       Title V of the Small Business Investment Act of 1958  
5       (15 U.S.C. 695 et seq.) is amended by inserting after sec-  
6       tion 504 the following new section:

1 **“SEC. 504A. ACCREDITED LENDERS PROGRAM.**

2 “(a) IN GENERAL.—The Administration shall estab-  
3 lish an Accredited Lenders Program for qualified State  
4 or local development companies that meet the require-  
5 ments of subsection (b).

6 “(b) DESIGNATION OF ACCREDITED LENDERS.—The  
7 Administration shall designate a qualified State or local  
8 development company as an accredited lender if such com-  
9 pany—

10 “(1) demonstrates adequate knowledge of appli-  
11 cable laws and regulations concerning the guaran-  
12 teed loan program under section 504;

13 “(2) demonstrates proficiency in meeting the  
14 requirements of such guaranteed loan program; and

15 “(3) meets such other requirements as the Ad-  
16 ministration may prescribe by regulation.

17 “(c) EXPEDITED PROCESSING.—The Administration  
18 may expedite the processing of any loan application or  
19 servicing action submitted by a qualified State or local de-  
20 velopment company that has been designated as an ac-  
21 credited lender in accordance with subsection (b).

22 “(d) SUSPENSION OR REVOCATION OF DESIGNA-  
23 TION.—The designation of a qualified State or local devel-  
24 opment company as an accredited lender shall be sus-  
25 pended or revoked if the Administration determines that—

1 “(1) the development company is not adhering  
 2 to the Administration’s rules and regulations or is  
 3 violating any other applicable provision of law; or

4 “(2) the loss experience of the development  
 5 company is excessive as compared to other lenders;  
 6 but such suspension or revocation shall not affect any out-  
 7 standing loan guarantee.

8 “(e) DEFINITION.—For purposes of this section, the  
 9 term ‘qualified State or local development company’ has  
 10 the same meaning as in section 503(e).

11 “(f) REGULATIONS.—The Administration shall pro-  
 12 mulgate such regulations as may be necessary to carry out  
 13 this section.”.

14 **SEC. 2. ACCREDITED LOAN PACKAGERS PILOT PROGRAM.**

15 Section 7(a) of the Small Business Act (15 U.S.C.  
 16 636(a)) is amended by adding at the end the following  
 17 new paragraph:

18 “(22) ACCREDITED LOAN PACKAGERS PILOT  
 19 PROGRAM.—

20 “(A) IN GENERAL.—The Administration  
 21 shall establish an Accredited Loan Packagers  
 22 Pilot Program (hereafter in this paragraph re-  
 23 ferred to as the ‘Program’) for loan packagers,  
 24 which shall be administered in accordance with  
 25 subparagraphs (B) through (G).

1           “(B) DESIGNATION OF ACCREDITED LOAN  
2           PACKAGERS.—

3           “(i) QUALIFICATIONS.—Subject to the  
4           limitation contained in clause (ii), the Ad-  
5           ministration may designate a loan pack-  
6           ager as an accredited loan packager if such  
7           loan packager—

8           “(I) is located in a rural area in  
9           which, in the determination of the Ad-  
10          ministration, there is a severe short-  
11          age or an absence of lenders that have  
12          been designated as—

13               “(aa) certified lenders under  
14               the Certified Lenders Program  
15               authorized by paragraph (19); or

16               “(bb) preferred lenders  
17               under the Preferred Lenders  
18               Program authorized by section  
19               5(b)(7);

20           “(II) demonstrates adequate  
21           knowledge of applicable laws and reg-  
22           ulations concerning guaranteed loan  
23           programs under this subsection;

1                   “(III) demonstrates proficiency  
2                   in meeting the requirements of such  
3                   guaranteed loan programs; and

4                   “(IV) meets such other require-  
5                   ments as the Administration may pre-  
6                   scribe by regulation.

7                   “(ii) TOTAL NUMBER.—In carrying  
8                   out the Program, the Administration shall  
9                   designate not less than 10 and not more  
10                  than 15 loan packagers as accredited loan  
11                  packagers.

12                  “(C) EXPEDITED PROCESSING.—During  
13                  the 3-year period described in subparagraph  
14                  (G), the Administration may expedite the proc-  
15                  essing of any loan application or servicing ac-  
16                  tion prepared by a loan packager that has been  
17                  designated as an accredited loan packager in  
18                  accordance with subparagraph (B).

19                  “(D) SUSPENSION OR REVOCATION OF  
20                  DESIGNATION.—The designation of a loan pack-  
21                  ager as an accredited loan packager shall be  
22                  suspended or revoked if the Administration de-  
23                  termines that—

24                         “(i) the loan packager is not adhering  
25                         to the Administration’s rules and regula-

1           tions or is violating any other applicable  
2           provision of law; or

3           “(ii) the loss experience of the loan  
4           packager is excessive as compared to other  
5           loan packagers;

6           but such suspension or revocation shall not af-  
7           fect any outstanding loan guarantee.

8           “(E) DEFINITION.—For purposes of this  
9           paragraph, the term ‘loan packager’ means  
10          any—

11           “(i) qualified State or local develop-  
12          ment company, as such term is defined in  
13          section 503(e) of the Small Business In-  
14          vestment Act of 1958; or

15           “(ii) other regional or local develop-  
16          ment organization selected by the Adminis-  
17          tration.

18          “(F) REGULATIONS.—The Administration  
19          shall promulgate such regulations as may be  
20          necessary to carry out this paragraph.

21          “(G) SUNSET.—The Program shall termi-  
22          nate 3 years after the date of enactment of this  
23          paragraph.”.

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